

Message Text

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ACTION EUR-25

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E.O. 11652: N/A

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SUBJECT: MEETING OF AD HOC WORKING PARTY ON INTERNATIONAL
ENTERPRISES, FEB . 18-20, 1974.

REF: A. (73)216; B. DIE/IND/INT.ENT/74.2

1. SUMMARY: AD HOC WORKING PARTY MADE SOME PROGRESS IN ITS DISCUSSIONS ON STATISTICAL CONCEPTS. IT AGREED ON DRAFT MANDATE FOR CONTINUATION OF ITS WORK AFTER JULY 74 WHICH WILL BE SUBMITTED TO INDUSTRY COMMITTEE. IT ALSO CONSIDERED NEW COUNTRY STATEMENTS BY NORWAY AND U.S. HIGHLIGHT OF LATTER PRESENTATION WAS MAJOR STATEMENT BY U.S. DELEGATE OF POLICY ON FOREIGN DIRECT INVESTMENT WHICH WAS WELL RECEIVED BY ASSEMBLED DELEGATES. END SUMMARY.

2. PRESENTATION OF COUNTRY STATEMENTS/ WP HEARD STATEMENTS ON IMPACT OF INTERNATIONAL ENTERPRISES ON INDUSTRIAL STRUCTURES FROM NORWAY AND UNITED STATES, AND UPDATING OF EARLIER STATEMENT BY FRENCH DELEGATION. U.S. DELEGATE'S PRESENTATION WAS ONLY STATEMENT SUBMITTED WITH DETAILED EVALUATION OF FOREIGN DIRECT INVESTMENT INCLUDING SUFFICIENT DATA TO HIGHLIGHT TRENDS
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AND IMPACT ON U.S. ECONOMY. U.S. PAPER GIVEN TO

SECRETARIAT FOR CIRCULATION TO DELEGATIONS AS WP DOCUMENT.
PRESENTATION BY NORWEGIAN AND FRENCH DELEGATIONS
CONSISTED OF TABULAR MATERIAL OF HIGHLY SUMMARIZED NATURE
SUPPLEMENTED BY SHORT ORAL PRESENTATIONS.

3. U.S. DELEGATE PRESENTED FORMAL STATEMENT
CONCERNING CURRENT U.S. POLICY TOWARD FOREIGN INVEST-
MENT; REVIEWED CURRENT MAGNITUDE AND PAST TRENDS OF SUCH
INVESTMENT IN U.S.; DISCUSSED ECONOMIC DEVELOPMENTS
AFFECTING FOREIGN INVESTMENT AND ITS EFFECTS ON U.S.
ECONOMY. DELEGATE PRESENTED LENGTHY REVIEW OF U.S.G.
REGULATIONS AND PROGRAMS ON INWARD DIRECT INVESTMENT AND
DISCUSSED ALLEGED BARRIERS TO FOREIGN INVESTMENT IN
U.S. BRIEF REVIEW OF U.S. DATA GATHERING METHODS ALSO
PRESENTED AS WELL AS PROJECTED PLANS FOR NEW CONCUSES ON
INTERNATIONAL INVESTMENT. PRESENTATION PROMPTED LIVELY
DISCUSSION. INTEREST EXPRESSED IN TRENDS TOWARD
GROWING FOREIGN INVESTMENT IN U.S. AND LIKELIHOOD THEY
WOULD CONTINUE IN FUTURE. CONCERN EXPRESSED BY SEVERAL
DELEGATES ON EXTRATERRITORIALITY PROBLEM.

U.S. DELEGATE EXPLAINED THAT U.S. AND STATE REGULATIONS
GOVERNING FOREIGN INVESTMENT DO NOT RESTRICT SUCH
INVESTMENT; FOREIGN INVESTORS ARE AFFORDED
NATIONAL TREATMENT. IN RESPECT TO EXTRATERRITORIALITY,
U.S. DELEGATE REVIEWED PAST EVENTS THAT GAVE RISE TO
CONCERN OF OTHER GOVERNMENTS INDICATING THAT THIS IS
MUCH LESS SERIOUS ISSUE AT PRESENT.

CHAIRMAN WARMLY PRAISED U.S. STATEMENT FOR ITS
THROUGHNESS AND COMPREHENSIVENESS AND EXPRESSED HIS APPRECIATION
FOR CLEAR AND FULL RESPONSES TO THE MANY QUESTIONS
RAISED BY OTHER DELEGATIONS. AUSTRALIAN DELEGATE ALSO
ENDORSED CHAIRMAN'S STATEMENT ON U.S. DELEGATES' PRESEN-
TATION AND LINKED THIS WITH SUGGESTION THAT U.S. MAY
WISH IN FUTURE TO MAKE A SIMILAR PRESENTATION TO THE WP
ON OUTWARD DIRECT INVESTMENT WITH PARTICULAR EMPHASIS
ON IMPACT ON ECONOMIES OF CAPITAL RECEIVING COUNTRIES.
U.S. DELEGATE VOLUNTEERED TO PROVIDE TO WP PUBLISHED
COMMERCE DEPARTMENT STUDIES ON OUTWARD DIRECT INVEST-
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MENT.

4. CONSIDERATION OF STATISTICAL QUESTIONS: IN REVIEWING
DESIRABILITY OF HARMONIZED SYSTEM OF STATISTICS ON INTER-
NATIONAL ENTERPRISES, 15 CONCEPTS PERTAINING TO VARIOUS
ECONOMIC VARIABLES WERE DISCUSSED. (SEE REF B.) CONCEPTS
REVIEWED BY STATISTICAL EXPERTS IN GENERAL TERMS ON
BASIS OF PAPERS SUBMITTED BY CANADA, SWEDEN AND UNITED

KINGDOM. AFTER REVIEWING SITUATION IN EACH COUNTRY,
CONCLUSION REACHED THAT MANY OF CONCEPTS USED BY MEMBER
COUNTRIES REQUIRE SUBSEQUENT EXAMINATION IN LIGHT OF
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AVAILABILITY OF DATA. NINE DELEGATIONS INCLUDING U.S.
AGREED TO REVIEW CONCEPTS AND INDICATE AVAILABILITY OF
DATA FOR EACH ITEM. DELEGATIONS ASKED TO SUBMIT PAPERS
TO SECRETARIAT BY 31 MARCH SO THAT INFORMATION COULD
BE MADE AVAILABLE TO ALL DELEGATIONS PRIOR TO DISCUSSION
AT NEXT SCHEDULED MEETING. U.S. DELEGATE INDICATED HE
HAD NO OBJECTION TO CONCEPTS CONTAINED REF B AS SUCH BUT
FROM VIEWS EXPRESSED BY DELEGATIONS COMPARABILITY AND
DATA AVAILABILITY PROBLEMS APPEAR TO LOOM AS MAJOR
DIFFICULTIES IN ESTABLISHING STANDARDIZED
STATISTICAL FRAMEWORK FOR FUTURE STUDIES OF MNCS.

5. MANDATE FOR RENEWAL OF AD HOC WORKING PARTY: DRAFT
MANDATE PREPARED BY SECRETARIAT FOR CONTINUING WP BEYOND
EXPIRATION DATE OF JULY 1974, WAS REVIEWED BY DELEGATES.
PROPOSED MANDATE SIMILAR IN MOST RESPECTS TO EARLIER
AUTHORITY AND REFLECTS CLOSELY PARAS 7, 8, 9, 20 & 21 OF
REF A. NEW DRAFT PROPOSES THAT WP PURSUE STUDIES AND
SET UP STATISTICAL SYSTEM IN SUPPORT OF INDUSTRY COMMITTEE
OBJECTIVE.

SEEMINGLY STRAIGHTFORWARD TEXT LED TO PROTRACTED CONTRO-
VERSY OVER 5-YEAR TERM PROPOSED BY SECRETARIAT. SOME
DELEGATIONS FAVORED 3-YEAR TERM AS MEANS OF ACCELERATING
PRODUCTION OF REPORT BUT CHAIRMAN NOTED THAT 5 YEAR TERM
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SAME AS THAT ALREADY EXISTING FOR REGIONAL POLICY AND
STATISTICS COMMITTEES. FIVE-YEAR FIGURE FINALLY LEFT IN
BRACKETS. FURTHER ARGUMENTATION ON MANDATE TURNED ON
QUESTION OF WHETHER TO SET UP "STATISTICAL FRAMEWORK"
VERSUS "GUIDELINES". SWEDISH DELEGATION ESPECIALLY
INSISTENT IN USE OF "GUIDELINES" APPARENTLY BECAUSE OF
BELIEF THIS WOULD IMPLY GREATER EFFORT BY GOVERNMENTS
TO ACHIEVE COMPARABILITY. SWEDISH POSITION ALSO SUP-
PORTED BY JAPAN AND SEVERAL OTHER DELEGATIONS. ON BASIS
OF MOTION BY U.S. DELEGATE THAT LOOSER FORMULATION
AS PROPOSED BY CHAIRMAN BE ACCEPTED, EARLIER OBJECTIONS
WERE WITHDRAWN AND SECRETARIAT DRAFT WAS ADOPTED.

6. FUTURE MEETINGS: TWO MEETINGS TENTATIVELY SCHEDULED
TO CONTINUE STATISTICAL DISCUSSIONS: 1) FIRST WEEK IN MAY
AND 2) FIRST WEEK IN JULY TO FINALIZE REPORT TO INDUSTRY
COMMITTEE BEFORE SUMMER RECESS.BROWN

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